

**§ 245.8 Receipt or recovery of original check.**

(a) If the original check is received or recovered by the claimant after he has requested the agency to issue a replacement check, but before a replacement check has been received, he should immediately advise the agency and hold such check until receipt of instructions with respect to the negotiability of such check.

(b) If the original check is received or recovered by the claimant after a replacement check has been received by him, the original shall not be cashed, but shall be forwarded immediately to the agency that authorized the issuance of such check. Under no circumstances should both the original and replacement checks be cashed.

**§ 245.9 Procedural instructions.**

The Commissioner of the Financial Management Service may issue procedural instructions, implementing these regulations, in Volume I, Part 4 of the Treasury Financial Manual.

**§ 245.10 Performance of functions of the Commissioner.**

The Commissioner of the Financial Management Services may authorize any officer of the Treasury Department to perform any of his functions under this part and to redelegate such authority within such limits as the Commissioner may prescribe.

(Approved by the Office of Management and Budget under control number 1510-0058)

## PART 247—REGULATIONS GOVERNING FEDSELECT CHECKS

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AUTHORITY: 31 U.S.C. 3321, 3325 and 3327; 12 U.S.C. 391.

SOURCE: 60 FR 25993, May 16, 1995, unless otherwise noted.

**§ 247.1 Applicability.**

The regulations in this part prescribe the rights and liabilities of the United States, the Federal Reserve Banks, banks, and others on FedSelect checks. These regulations apply to FedSelect checks issued on behalf of the United States for payments in connection with United States obligations. FedSelect checks are issued by Federal agencies on Federal Reserve Bank check stock. FedSelect checks are drawn on the payor Federal Reserve Bank in its banking capacity. The drawer of a FedSelect check is the United States; the drawee is a Federal Reserve Bank. Therefore, a FedSelect check shall not be deemed to be drawn on the United States nor shall the Federal Reserve Bank be deemed its drawer.

**§ 247.2 Governing law.**

Except as otherwise provided by statute or this part, the regulations governing checks drawn on the United States or on designated depositories of the United States (e.g., 31 CFR parts 235, 240, 245, and 248) are inapplicable to FedSelect checks. As to definitions and other matters not specifically covered in this part, FedSelect checks are governed by Regulation J of the Board of Governors of the Federal Reserve System, 12 CFR part 210 ("Regulation J"), Regulation CC of the Board of Governors of the Federal Reserve System, 12 CFR part 229 ("Regulation CC"), and to the extent not otherwise inconsistent with this part, with Regulation J, and with Regulation CC, FedSelect checks will be governed by the Uniform Commercial Code, as adopted by Illinois ("UCC"), as all three may from time to time be revised. Such matters include, but are not limited to, rules regarding general presentment and transfer warranties, indorsement, and final payment.

**§ 247.3 Definitions.**

For the purpose of this part:

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*Agency* means a department, agency, or instrumentality in the executive branch of the United States Government.

*Bank* means an entity described in Regulation CC of the Federal Reserve System, 12 CFR 229.2(e), as may be amended from time to time.

*Department* means the United States Department of the Treasury.

*FedSelect check* means a check drawn upon a Reserve Bank with the designation "FedSelect" printed on the check.

*Payee* means the person to whom a FedSelect check is payable.

*Payor Reserve Bank* means the Reserve Bank on which a FedSelect check is drawn.

*Presenting bank* means a bank which sends a FedSelect check directly to a Reserve Bank for payment or collection.

*Reserve Bank* or *Federal Reserve Bank* means any one of the twelve Federal Reserve Banks.

#### § 247.4 Federal Reserve Banks.

(a) Where FedSelect checks are issued on Reserve Bank check stock and drawn on the payor Reserve Bank in its banking capacity, the payor Reserve Bank shall perform certain functions as fiscal agent of the United States in the issuing, processing and final payment of FedSelect checks. A payor Reserve Bank shall act as fiscal agent of the United States on FedSelect checks only when authorized to do so by a Memorandum of Understanding between the Financial Management Service, U.S. Department of the Treasury (FMS), and the payor Reserve Bank.

(b) As authorized by a Memorandum of Understanding between a payor Reserve Bank and the FMS and in accordance with this part, the payor Reserve Bank shall settle with a presenting bank for the amount specified in a FedSelect check upon presentment of the FedSelect check through normal banking channels. Each payor Reserve Bank may issue operating circulars, letters or bulletins not inconsistent with this part governing details of its handling of payments under this part.

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#### § 247.5 Federal agencies and termination of services.

(a) Agencies may issue FedSelect checks in payment for United States obligations.

(b) Issuance of a FedSelect check by an agency in payment of an obligation shall constitute an agreement between the issuing agency and the FMS. The issuing agency shall adhere to the terms of the agreement, including those relating to fees for services provided by the FMS, as expressed in this part and in the Treasury Financial Manual, Volume I, Part 4, Chapter 3500 (I TFM 4-3500), entitled "Issuance Of FedSelect Checks By Federal Agencies."

(c) In addition to the provisions of this part, agencies issuing FedSelect checks shall adhere to instructions, contained in I TFM 4-3500, regarding items such as procedures for opening and closing FedSelect accounts with the FMS, procedures for the adjustment of agency FedSelect accounts where losses are the responsibility of the agency, procedures for the adjustment of agency FedSelect accounts in cases of termination of FedSelect services by the FMS, and performance requirements in the issuance of FedSelect checks.

(d) When an agency fails to adhere to the provisions of this part or to the instructions contained in I TFM 4-3500, the FMS, at its discretion, may terminate the services of FedSelect checks. The FMS shall provide the agency with prior notification of the date on which services will be terminated.

#### § 247.6 Banks.

(a) A bank's acceptance of a FedSelect check issued pursuant to this part shall constitute its agreement to the provisions of this part.

(b) Each bank by its action of handling a FedSelect check shall be deemed to warrant to the Federal Government that it has handled the FedSelect check in accordance with the requirements of this part.

#### § 247.7 Certification and internal agency control.

(a) A FedSelect check is not a check drawn on the United States Treasury. However, where the drawer of a